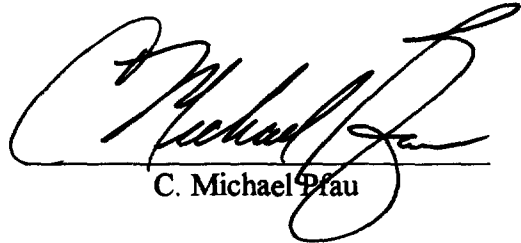


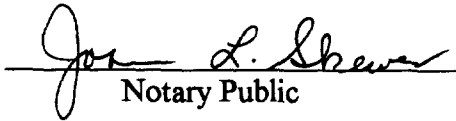
**VERIFICATION**

I hereby verify, under penalty of perjury, that the foregoing is true and correct to the best of my knowledge and belief.



C. Michael Pfau

Subscribed and sworn to before me  
this 25<sup>th</sup> day of April, 1997



Notary Public

JOAN L. SKEWES  
Notary Public of New Jersey  
My Commission Expires Apr. 14, 2002

## **ATTACHMENT 1**

## OSS PERFORMANCE MEASURES

Process	Key Measure	Measurement Description
<b>Pre-Ordering</b>	Timeliness of Providing Pre-Ordering Information Delivery	Measures the ILEC response time to queries such as appointment scheduling, service & feature availability, address verification, request for phone numbers and Customer Service Records. The measurement interval starts when the CLEC request is issued and ends when the ILEC response message is received by the CLEC.
<b>Ordering/ Provisioning</b>	Orders completion intervals	Measures the ILEC order processing interval, beginning with the delivery of a valid order to the ILEC and ending when the CLEC receives confirmation of all work being completed by the ILEC.*
	Order Accuracy	Measures the accuracy and completeness of the ILEC order related activities by comparing what the CLEC ordered to what the ILEC confirmed as completed.
	Order Status	Measures the response time for the ILEC supplying key customer impacting status information (e.g., Firm Order Confirmations, Initial Jeopardies, Rejects, and Completions) from the time an order is sent to the ILEC (FOCs, Jeopardies & Rejects) or work is completed (Completion Notices) until a status is received by the CLEC.
	Percent of Held Orders	Monitors the ordering process operational capacity by comparing the number of orders missing the committed due date within the measurement period to the total number of orders processed within the same measurement period.
<b>Maintenance &amp; Repair</b>	Average Restoral Time	Measures the mean (average) time that it takes for the ILEC to resolve customer troubles within the measurement period.* The interval begins when the CLEC transmits a valid trouble ticket to the ILEC and ends when the CLEC receives a valid closure of the ticket from the ILEC.
	Restoral Intervals	Measures the trouble resolution interval by reporting the percentage of troubles resolved within specific intervals (e.g., 2 hour intervals up to 24 hours). The distribution is derived from the data underlying the average restoral time.*
	Troubles Per 100 Lines	Measures the general performance quality of the ILEC's network delivered to the CLEC by comparing the number of trouble reports the CLEC logs with the ILEC to the total average number of CLEC lines in service during the measurement period.*
	Estimated Time to Restore	Measures the reliability of ILEC restoral commitment by monitoring the proportion of troubles resolved (measured separately for by whether or not a premises visit is required) within the ILEC estimated restoral interval.*

\* At a minimum, detail for the following types of service or facility should be reported: residence POTS, business POTS, ISDN, Centrex/Centrex-like, PBX trunks, Channelized T1.5 Service, Other Resold Services, UNE Platform (at least DSO loop + local switch + transport elements), UNE Channelized DS1 (DS1 loop + multiplexing), Unbundled DS0 loop, Unbundled DS1 loop, Other Unbundled loops, Unbundled Switch, Other UNES.

## OSS PERFORMANCE MEASURES

Process	Key Measure	Measurement Description
<b>General</b>	Systems availability	Measures the availability of operations support systems and associated interfaces by comparing (separately for each pre-ordering, ordering and provisioning, maintenance interface) the number of hours the required functionality was available for use by the CLEC to the total number of hours that the functionality was scheduled to be available to the CLEC.
	Speed of Answer	Measures the responsiveness of key support centers the ILECs provide to the CLECs by measuring the percentage of calls where the CLEC (caller) is connected with the ILEC agent capable of responding to the call.
<b>Billing</b>	Timeliness of Delivery	Measures the proportion of billing records (measured separately for wholesale bills usage records, CSRs, service orders, time & materials, adjustments) delivered to the CLEC within the agreed upon interval during the reporting period.
	Accuracy	Measures the proportion of billing records (as defined for billing timeliness) delivered to CLEC during the reporting interval that are provided both in the agreed-upon format and containing the agreed-upon content.
<b>Unbundled Network Elements/Combinations</b>	Availability *	Measures the ability of the CLEC to utilize the element/combination functionality (e.g., dial tone delay, SCP links, etc.)
	Timeliness *	Measures the average delivery interval for requested support (e.g. provisioning, repair, data base update intervals, etc.)
	Quality/Reliability *	Measures the frequency with which the element/combination operates according to expected parameters (e.g., failure rate, record not found, function performed erroneously, etc.)

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\* Measures for Unbundled Network Elements need to be defined uniquely for each requested element. Where element combinations are employed, the measures should closely parallel those established for reasonably analogous retail services of the ILEC.

**OSS PERFORMANCE MEASURES**

<b>Process</b>	<b>Key Measure</b>	<b>Measurement Description</b>
<b>Operator Services and Directory Assistance</b>	Average Speed to Answer	Measures the percent of time a call is answered by an OS or DA operator in a predefined timeframe. Includes all time from initiation of ringing until the customer's call is answered.
<b>Network Performance</b>	Network Performance Parity	Compares ILEC performance distribution for its own customers to ILEC performance distribution for CLEC customers. Measures the deviation from supplier service performance distribution for each metric specified.

## **ATTACHMENT 2**

## OSS BENCHMARK PERFORMANCE MEASURES

Process	Key Measure	Measurement Description
Pre-Ordering	Timeliness of Providing Pre-Ordering Information Delivery	<p>≤2 seconds from the time the query is launched until the following data is received back (98% ≤ 2 sec &amp; 100% ≤ 5 sec):</p> <ul style="list-style-type: none"> <li>Due Date Reservation</li> <li>Feature Function Availability</li> <li>Facility Availability</li> <li>Street Address Validation</li> <li>Service Availability Information</li> <li>Appointment Scheduling</li> <li>Customer Service Records</li> </ul> <p>TNs: 30 TNs or less ret'd in ≤ 2 sec 98% of time &amp; ≤ 5 sec 100% of time,  &gt; 30 TNs ret'd &lt; 2 hours 100% of time</p>
Ordering/ Provisioning	Orders completion intervals	<p>Unless specified below, orders with no Premises Visit or no physical work involved completed within 1 day of service order receipt; orders that require Premises Visit or physical work: completed within 3 days of service order of receipt*; 99% orders completed on due date.*</p> <p>Installation:</p> <ul style="list-style-type: none"> <li>• UNE Platform (at least DSO loop + local switch + all common elements) always w/i 24 hours, regardless of dispatch</li> <li>• UNE Channelized DS1 (DS1 loop + multiplexing) always w/i 48 hours</li> <li>• Unbundled DS0 loop always w/i 24 hours</li> <li>• Unbundled DS1 loop (unchannelized) always w/i 24 hours</li> <li>• Other Unbundled Loops always w/i 24 hours</li> <li>• Unbundled Switch always w/i 48 hours</li> <li>• Dedicated Transport - DSO/DS1 always w/i 3 business days</li> <li>• Dedicated Transport - DS3 always w/i 5 business days</li> </ul> <p>Feature Changes:</p> <ul style="list-style-type: none"> <li>• All orders completed within 5 business hours of receipt</li> </ul> <p>Disconnects:</p> <ul style="list-style-type: none"> <li>• Resale Product or Service Disconnects always w/i 24 hours</li> <li>• UNE switching w/i 24 hours</li> <li>• UNE (other) w/i 24 hours</li> </ul>
	Order Accuracy	≥ 99% are completed without error
	Order Status	<ul style="list-style-type: none"> <li>• FOC: 100% ≤ 4 hrs</li> <li>• Jeopardies/revised due date: 100% ≤ 4 hours of order acknowledgment</li> <li>• Rejects: ≥97% in ≤ 15 seconds acknowledgment</li> <li>• Order Completions: ≥ 97% rec'd w/in 30 min. of work completion</li> </ul>

\* At a minimum, detail for the following types of service or facility should be reported: residence POTS, business POTS, ISDN, Centrex/Centrex-like, PBX trunks, Channelized T1.5 Service, Other Resold Services, UNE Platform (at least DSO loop + local switch + transport elements), UNE Channelized DS1 (DS1 loop + multiplexing), Unbundled DS0 loop, Unbundled DS1 loop, Other Unbundled loops, Unbundled Switch, Other UNEs.

## OSS BENCHMARK PERFORMANCE MEASURES

Process	Key Measure	Measurement Description
	Percent of Held Orders	Report for: ≤0.1% orders completed ≥ 15 days past customer due date no orders held ≥ 90 days past customer due date
<b>Maintenance &amp; Repair</b>	Average Restoral Time	≤4 hrs (dispatch required) ≤2 hrs (no dispatch required)
	Restoral Variability	Out of Service Dispatch Required ≥ 90% in 4 hrs ≥ 95% in 8 hrs ≥ 99% in 16 hrs No Dispatch ≥ 85% in 2 hrs ≥ 95% in 3 hrs ≥ 99% in 4 hrs All other Troubles ≥ 95% in 24 hrs
	Repeat Troubles	≤ 1% customer lines experience >1 trouble within 60 day report period
	Troubles Per 100 Lines	≤ 1.5% lines report troubles per month
	Estimated Time to Restore	≥ 99% restored within estimated interval
<b>General</b>	Systems Availability	≤ 0.1% unplanned downtime per month (reported for each CLEC interface)
	Speed of Answer	≥ 95% CLEC calls to ILEC support centers answered (by human agent) within 20 seconds ≥ 100% CLEC calls to ILEC support centers answered (by human agent) within 30 seconds
<b>Billing</b>	Timeliness of Delivery	≥ 99.9% billing records received in ≤ 24 hours 100% billing records rec'd in ≤ 48 hours ≥ 99.95% wholesale bills rec'd w/in 10 calendar days of bill date
	Accuracy	≥ 98% wholesale bill financially accurate ≥ 99.99% of all records transmitted within same month of service delivery



## OSS BENCHMARK PERFORMANCE MEASURES

Process	Key Measure	Measurement Description
Unbundled Network Elements/ Combinations	Availability *	Examples: A-Link: $\leq 1$ min. unavailability per year D-Link: $\leq 1$ sec. unavailability per year SCPs/Databases $\leq 15$ min. unavailability per year LIDB reply rate to all query attempts $\geq 99.95\%$ LIDB query time-out: $\leq 0.05\%$ Call attempts not routed to CLEC OS/DA Platform: $\leq 0.1\%$ blocked
	Timeliness *	SCPs/Databases updated: $\geq 99\%$ in $\leq 24$ hrs Mean Post Dial Delay for "0" calls (LSO to CLEC OS platform): $\leq 2$ seconds Post Dial Delay for "0+" calls with 6 digits analysis (LSO to CLEC OS platform): $95\% \leq 2.0$ sec; Mean $\leq 1.75$ sec OS/DA agent response: 90% of calls answered in 10 sec OS/DA Voice Response Unit: 100% within 2 seconds
	Quality/Reliability *	Unexpected data values in resp to LIDB query $\leq 1\%$ LIDB queries return a missing customer record = 0% Group troubles in all LIDB queries $\leq 0.5\%$
Operator Services and Directory Assistance	Average Speed to Answer	For live agent, 90% of calls answered in 10 seconds. For Voice Response Unit service, 100% within 2 second.
Network Performance	Network Performance Parity	Deviation $\leq 0.10\%$ from supplier service performance distribution: Transmission quality: Subscriber Loop Loss Signal to Noise Ratio Idle Channel Circuit Noise Loops-Circuit Balance Circuit Notched Noise Attenuation Distortion Fax Transactions 9.6 kbps Speed of Connection: Dial Tone Delay Post Dial Delay Call Completion: Call delivery rate Reliability Requirements: Network incidents affecting > 5000 blocked calls Network incidents > 100,000 blocked calls

\* Measures for Unbundled Network Elements need to be defined uniquely for each requested element. The listed benchmarks are illustrative. Where element combinations are employed, the measures should closely parallel the benchmark levels established for reasonably analogous retail services of the ILEC.



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BEFORE THE  
FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON, D.C. 20554

In the Matter of )

)  
Application by SBC Communications, )  
Inc., for Authorization Under )  
Section 271 of the Communications )  
Act to Provide In-Region )  
InterLATA Services in the )  
State of Oklahoma )  
\_\_\_\_\_ )

CC Docket No. 97-121

AFFIDAVIT

OF

DANIEL P. RHINEHART

ON BEHALF OF

AT&T CORP.

AT&T EXHIBIT L

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Application by SBC Communications,  
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State of Oklahoma

CC Docket No. 97-121

AFFIDAVIT OF DANIEL P. RHINEHART  
ON BEHALF OF  
AT&T CORP.

**I. INTRODUCTION AND QUALIFICATIONS**

1. My name is Daniel P. Rhinehart. My business address is 919 Congress Avenue, Suite 400, Austin, Texas 78701. I am employed by AT&T Communications, Inc. ("AT&T") as District Manager - Law and Government Affairs.

2. I graduated from the University of Nevada at Reno in 1977 with a Bachelor of Science Degree with High Distinction in Education, majoring in mathematics. In 1987, I received a Masters of Business Administration degree, with Honors, from Saint Mary's College in Moraga, California. In addition, I have attended numerous training courses covering the topics of separations, telephone accounting, and long run incremental costs. I have completed the University of Southern California

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Center for Telecommunications Management, Middle Management  
Program in Telecommunications.

3. I joined Nevada Bell in 1979 as a Staff Specialist for the Residence Installation and Maintenance organization. My next assignment was in Nevada Bell's Separations and Settlements organization where I was responsible for reviews of independent telephone company separations and settlements studies. In 1984, I joined AT&T Communications' separations organization in San Francisco. I was subsequently promoted in August 1985 to a position with responsibility for mechanized separations results and analysis and later for exchange carrier cost analysis. In 1987, I was assigned as Regulatory Manager overseeing AT&T Communications of California's participation in local exchange carrier regulatory proceedings. I was promoted in April 1995 to AT&T District Manager - Government Affairs, with responsibilities in the states of Texas, Kansas, Arkansas, Missouri, and Oklahoma. In my current role as District Manager - Costs, I am active in AT&T's participation in local exchange carrier regulatory proceedings in that same region, with a focus on local exchange carrier cost studies. Prior to my relocation to Texas, I held the position of vice chairman of the \$300 million California Universal Lifeline Telephone Service Trust Fund for approximately two years in addition to my regular work assignments.

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4. I have been involved in a number of regulatory proceedings. I have also testified in regulatory proceedings in California. See Attachment 1. I have participated in numerous arbitration cases under the Telecommunications Act of 1996 ("Act"), including the proceeding before the Oklahoma Corporation Commission arising from AT&T's application for compulsory arbitration with SWBT pursuant to Section 252(b) of the Act in which I submitted written testimony. In each case, I have been responsible for critiquing SWBT's cost studies. I have also participated in the depositions of several SWBT cost witnesses, in a workshop in Texas sponsored by the Texas commission and four recent workshops related to revised cost studies required by the Texas arbitration award. I have reviewed thousands of documents produced pursuant to protective orders across SWBT's five-state region and have become generally familiar with the overall methodologies employed by SWBT.

**II. PURPOSE AND SUMMARY OF AFFIDAVIT**

5. The purpose of my present affidavit is to respond to the affidavit of J. Michael Moore submitted in this matter on behalf of SWBT on April 10, 1997. In his affidavit, Mr. Moore contends that "SWBT has satisfied the development of costs in support of interconnection, unbundled network elements and reciprocal compensation" under Section 271(c)(2)(B) of the Act. For the

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reasons that I will discuss in greater detail below, I cannot agree with Mr. Moore's contentions.

6. First, neither the Oklahoma arbitrator nor the Oklahoma commission has even purported to determine that the rates subject to the arbitration are cost-based under the standards of Section 252 of the Act. Moreover, Mr. Moore has provided no cost data in his affidavit that show, or that would permit this Commission to find, that SWBT's rates and charges conform to the cost-based standards of the Act or this Commission's First Report and Order ("Order"). Notwithstanding that the burden of persuading the Commission is on SWBT, Mr. Moore has not disclosed the results of any SWBT cost study. Nor has Mr. Moore described the processes, methods, inputs of any such study in sufficient detail that the Commission could conclude that SWBT's cost studies comply with the standards of the Act or the Commission's Order.

7. Second, and in any case, to the extent that AT&T has had access to SWBT's cost studies and been able to analyze those studies with any degree of confidence in the results, it is clear that the SWBT cost studies referred to by Mr. Moore are defective in a number of respects and that no rates or charges that are based on these studies could conform to the requirements of the Act.



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8. Third, apart from and in addition to inflated costs, in a number of instances SWBT would assess totally gratuitous non-recurring charges which would render total charges prohibitive even if the recurring charges were cost-justified.

9. Finally, there is abundant evidence that the SWBT interim rates in place are excessive and will deter competitive entry into SWBT's local exchange market. For example, SWBT's proposed rates for Oklahoma substantially exceed the proxy rates set forth in the Commission's Order and SWBT's rates in other states in the Southwest.

**III. THE APPLICABLE LEGAL REQUIREMENTS**

10. Mr. Moore acknowledges in his affidavit that Section 251(d)(1), which is invoked by both the interconnection and unbundled elements checklist items of Section 271(c) (subsections (i) and (ii)), "requires that prices for interconnection and unbundled network elements be 'based upon the cost' of providing these elements, products and services, and 'may include a reasonable profit.'" Moore Affidavit at ¶ 8. Mr. Moore also acknowledges that Section 252(d)(2) requires that "charges for local transport and termination recover the 'costs' of transporting and terminating 'calls that originate on the network facilities of the other carrier,'" id. at ¶ 9, and that the

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Commission's Order (§ 1056) "specified [that] these costs were to be determined in the same manner as the costs for network interconnection [and] unbundled network elements." Finally, Mr. Moore acknowledges that the Commission's Order implementing these provisions of Section 252(d)(1)(A) prescribed a methodology which is "the sum of the total element long run incremental cost (TELRIC) and a reasonable allocation of forward looking common cost." Id. at ¶ 8.

11. Mr. Moore essentially disregards the provisions of Sections 251(c)(2) and 251(c)(3) which are also referred to in the interconnection and network elements provisions of the Section 271(c) checklist. These provisions impose a duty to provide interconnection with the local exchange carrier's network and access to network elements on an unbundled basis "on rates . . . that are just, reasonable, and nondiscriminatory, in accordance with the requirements of this section and section 252." Mr. Moore's affidavit also omits any mention of the strictures of Section 252(d)(1)(A) that the cost basis of determinations that rates are just and reasonable shall be made "without reference to a rate-of-return or other rate-based proceeding."

12. Mr. Moore's affidavit also overlooks the crucial point that the burden of proving that SWBT's rates for interconnection

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and unbundled elements meets the statutory requirements is on SWBT. The Commission's Order is unequivocal on this point:

We note that incumbent LECs have greater access to the cost information necessary to calculate the incremental cost of unbundled elements of the network. Given this asymmetric access to cost data, we find that incumbent LECs must prove to the state commission the nature and magnitude of any forward-looking costs that it seeks to recover in the prices of interconnection and unbundled network elements.

Order at ¶ 680. As I will explain below, SWBT did not even begin to sustain this burden in the arbitration proceedings in Oklahoma. Consequently, no findings were made in those proceedings that SWBT's proposed rates are appropriately cost-justified. Similarly, SWBT has not even begun to attempt to sustain its burden before this Commission in the present proceeding that those rates are appropriately cost-justified.

**IV. SWBT'S PROPOSED RATES AND CHARGES AND THEIR SOURCES**

13. As a result of negotiations, certain rates have been agreed to by AT&T and SWBT. However, many of SWBT's rates, including those that are reflected in SWBT's Statement of Generally Available Terms ("SGAT"), are the rates that were proposed by SWBT in its arbitration with AT&T before the Corporation Commission in Oklahoma. These rates are set forth in

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Schedules No. 2 and No. 3 to the Supplemental Testimony of SWBT's witness Eugene F. Springfield filed with the Oklahoma commission on October 18, 1996.<sup>1</sup>

14. To the extent they were supported at all in the Oklahoma arbitration proceeding, these rates were supported by Mr. Springfield's October 18 supplemental testimony. Although that testimony disclosed the results of SWBT's cost studies, it did not disclose those studies themselves. Rather, it purported only to describe the methodologies and inputs underlying those studies and to defend them under the Act and the Commission's Order in very general and conclusory terms. Moreover, Mr. Springfield candidly admitted that "SWBT has not completed forward-looking economic cost studies for all services for which it is presenting interim rates in this proceeding." Springfield Supplemental Testimony at 7 (emphasis added).<sup>2</sup>

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<sup>1</sup> The arbitrator issued an order on October 7, 1996, which bifurcated the arbitration proceeding and "directed that a separate hearing be scheduled at a later date to present cost studies and to determine permanent rates for unbundled network elements, customer change charges and interim and/or permanent number portability." Arbitrator's Report at 2.

<sup>2</sup> In September of 1996, SWBT had submitted the testimony of other witnesses on pricing issues, as had AT&T. That testimony, like my written testimony on behalf of AT&T, was not received into the record of the arbitration. The scope and contents of that testimony, however, was essentially the same as the scope and contents of Mr. Springfield's testimony.

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15. A number of rates proposed by SWBT are simply taken either from retail rates set forth in SWBT's tariffs or from contracts that have been negotiated with other carriers. There is no basis whatsoever for assuming that those rates are justified, or could be justified, on TELRIC principles. Indeed, Mr. Springfield's supplemental testimony does not even disclose the cost principles and methodologies used to derive them.<sup>3</sup>

16. Proposed interim prices based on AT&T's Hatfield cost model were set forth in the Supplemental Testimony of Robert P. Flappan, also filed in the arbitration on October 18, 1996. That testimony showed that SWBT's proposed rates were typically much higher than the Commission's proxy ceilings, sometimes as much as

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<sup>3</sup> Other carriers have expressly disclaimed any belief that the terms of their agreements with SWBT comply with the Act. For example, Brooks Fiber Communications of Oklahoma, Inc. (and its wholly-owned affiliate, Brooks Fiber Communications of Tulsa, Inc.) ("Brooks") has entered into an interconnection agreement that has been approved by the Oklahoma Commission. However, Brooks has represented that it entered into that agreement in the expectation that AT&T and other larger carriers were in arbitration with SWBT and in reliance on its contractual "right to opt-into various categories of provisions of interconnection agreements that SWBT enters into with other carriers." Oklahoma Cause No. PUD 97000064, Brooks Initial Comments filed March 11, 1996 at 6. Brooks has also represented that it "did not have access to SWBT cost studies during the course of the negotiation process, and thus had no specific information in its possession to confirm whether the rates contained in its interconnection agreement with SWBT are set on appropriately calculated costs bases," and that [b]y signing and supporting that interconnection agreement Brooks did not (and does not) concede that the rates, terms and conditions contained therein are consistent with and satisfy the substantive requirements of Sections 251 and 252 of the Act." Id.

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twice the proxies or even more.<sup>4</sup> That testimony and AT&T Exhibit No. 130 received into the record in the course of hearings subsequently held on October 22, 1996, also showed that SWBT's interim rates are substantially higher than the forward-looking rates proposed by AT&T, and even SWBT's proposed rates in Texas.

**V. THE OKLAHOMA COMMISSION HAS MADE NO COST-BASED FINDINGS WITH RESPECT TO INTERIM RATES**

17. Although the Arbitrator's Report briefly discussed the differing views of AT&T and SWBT as to what the interim rates should be, the arbitrator did not find that SWBT's proposed rates were cost-based, much less just and reasonable. Indeed, the Arbitrator's Report expressly disclaims any such findings: "The Arbitrator does not recommend any particular methodology or cost study be adopted at this time." Arbitrator's Report at ¶ 20. Instead, the arbitrator stated that as a practical matter, it was preferable to err on the side of unjustly high prices, because under that approach consumers would eventually get a refund rather than be required to pay a premium:

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<sup>4</sup> See infra at ¶ 53.

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The Arbitrator does adopt SWBT's proposed rates on the basis that if a true-up is needed in the future it would be easier to explain to customers rather than trying to explain a lower price being trued-up to a higher price.

Id. at 20 (emphasis added). This is the sole rationale offered by the Arbitrator's Report for adopting SWBT's proposed interim rates.<sup>5</sup>

18. By order issued on December 12, 1996, the Oklahoma commission adopted the Arbitrator's Report with respect to these pricing issues. However, far from making any finding that SWBT's interim rates are just and reasonable under the cost standards prescribed by Section 252, the Commission expressly noted that the proceeding had been bifurcated and that "[a] separate hearing will be scheduled at a later date to present cost studies and to determine permanent rates . . . ." Order No. 407704 at 3. No further procedures have yet been established for the conduct of a hearing on "permanent," cost-based rates. Thus, to date, neither

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<sup>5</sup> The Arbitrator's Report addressed the issue of reciprocal compensation in a similar fashion. The arbitrator rejected AT&T's contentions that a "bill-and-keep" method of reciprocal compensation should be adopted, which assumes an approximately equal balance of traffic between carriers, even on an interim basis or, in the alternative, that a TELRIC-based rate be determined. Arbitrator's Report at 20-21. Instead, the arbitrator recommended that "[t]he interim rates which were proposed by SWBT should be used until such time as cost studies are performed and a subsequent hearing is held on the permanent rates in this case." Id. at 22.

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the arbitrator nor the Oklahoma commission has made any finding that SWBT's rates conform with the statutory requirements.

**VI. SWBT HAS FAILED TO SUBMIT ADEQUATE COST JUSTIFICATIONS BEFORE THIS COMMISSION**

19. In its December 6, 1996 Public Notice establishing procedural requirements for processing Section 271 applications, this Commission stated: "[w]e expect that a Section 271 application, as originally filed, will include all of the factual evidence on which the applicant would have the Commission rely in making its findings thereon." FCC 96-469 at 2. The affidavit of Mr. Moore submitted in the present proceeding is even more incomplete, cursory and conclusory than the testimony SWBT submitted in the Oklahoma arbitration. It thus falls far short of sustaining SWBT's burden of proving that its proposed rates are cost-based under Section 252 of the Act.

20. Mr. Moore's seven-page affidavit, which is unencumbered by any exhibits, merely: (1) recites certain requirements of the Act and the First Report and Order pertaining to cost-based rate standards as noted above (Moore Affidavit at ¶¶ 8-9); (2) alleges that SWBT prepared cost studies following passage of the Act and revised these studies following the Commission's First Report and Order (id. at ¶ 10); (3) asserts that these studies "are forward-



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looking long run incremental cost studies considering the 'total quantity of the facilities'" (id. at ¶ 11); and then (4) proceeds to attempt to support this assertion by a series of conclusory statements of no more than two or three sentences each as to the alleged methodological and factual bases of SWBT's cost studies (id. at ¶ 12-24).

21. To begin with, Mr. Moore's failure to provide factual support precludes any reasonable reliance on his claims. For example, Mr. Moore simply asserts that SWBT's cost studies are "based on the most efficient technology currently available given existing wire center locations as required by 47 C.F.R. § 51.505(b)(1)." In support of this assertion, Mr. Moore offers only a single example -- i.e., that "in the Operator Services studies forward-looking digital switch technology is utilized for Host and Remote switches at existing wire center locations." Moore Affidavit at ¶ 12. In the absence of any further information, there is simply no factual basis for any meaningful consideration of whether SWBT consistently relied in each of its cost studies on the most efficient technology currently available.

22. In addition, Mr. Moore's affidavit is completely silent on the derivation of the alleged "forward-looking cost of capital used in these studies," and does not even disclose what the